

## Issue Brief – Change in FMAP

NUMBER HHS-05-24

### SUMMARY

Medicaid is funded mainly by state funds which are then used to match with federal funds. The Federal Medical Assistance Percentage (FMAP) is the federal share of program costs for Medicaid. Because this percentage is recalculated each year, the rate usually fluctuates from year to year. When the rate increases, the federal funds provide more of the total costs; when the rate decreases, federal funds will provide less of the total program costs. For FY 2006, the FMAP is projected to decrease from 72.04 percent to 71.11 percent, a drop of 0.93 percent. This means that in FY 2005, federal funds paid for 72.04 percent of the total Medicaid costs, but for FY 2006, the federal funds will pay for 71.11 percent of the total costs of the Medicaid program. The reduction in the FMAP impacts three budget areas in two different appropriation subcommittees: Medicaid in the Department of Health and various programs in the Department of Human Services, both within the Health and Human Services Appropriations Subcommittee; and the Division of Juvenile Justice Services in the Department of Human Services which is part of the Executive Offices and Criminal Justice Appropriations Subcommittee.

The State has two choices to handle this problem: (a) fund the difference from state funds to keep the programs whole, or (b) cut the programs by reducing services provided and/or populations served. In the Department of Human Services, the projected loss of Medicaid funds in various human service programs is \$1,892,100. If the state elects to maintain the affected human service programs at their current levels, an additional \$1.9 million would be required, but would not increase any level of service or number of individuals served.

### BACKGROUND

The FMAP is based on the state's per-capita personal income during three calendar years. The FY 2006 FMAP uses per-capita income data from 2001 through 2003. Because of its relatively low per-capita income, the state of Utah enjoys one of the higher FMAPs in the country at 70.76 (Federal FY 2006). In fact, Utah has the fifth highest FMAP, behind Mississippi (76.00), Arkansas (73.77), West Virginia (72.99), and New Mexico (71.15). The projected FY 2006 decrease in the FMAP follows three years in which the base rate increased. (In FY 2003 and FY 2004, the federal government temporarily increased the rates as part of its "federal fiscal relief" to the states.) A table showing the FMAPs for all of the states from 2001 to 2006 (federal fiscal year) is shown on the following page. The information comes from the Federal Funds Information for States (FFIS), Issue Brief 04-41.

### LEGISLATIVE ACTION

The Analyst recommends that the Health and Human Services Appropriations Subcommittee fund the replacement of the lost Medicaid funds with state General Funds in the amount of \$1,892,100. This amount is not included any FY 2006 Analyst recommended figure or table in the various Budget Brief documents, as the Executive Appropriations Committee has not allocated any additional funding to the subcommittee.

Dept of Human Services - Impact of FMAP Rate Change			
	Gen'l Fund	Title XIX	Federal
Substance Abuse & Mental Health			
State Hospital	120,100	(120,100)	
Services for People with Disabilities			
Service Delivery	84,000	(84,000)	
Developmental Center	287,100	(287,100)	
DD/MR Waiver Services	948,100	(948,100)	
Brain Injury Waiver	19,000	(19,000)	
Physical Disability Waiver	16,300	(16,300)	
Child & Family Services			
Service Delivery	122,200	(122,200)	
Out of Home Care	210,100	(161,800)	(48,300)
Special Needs	2,900		(2,900)
Adoption Subsidies	73,500		(73,500)
Aging & Adult Services			
Waiver Program (Non-formula funds)	8,800	(8,800)	
TOTALS	1,892,100	(1,767,400)	(124,700)

## Federal Medical Assistance Percentages, 2001-2006

(federal fiscal years; federal share as percent)

Addendum:

2006 FMAP

State	2001	2003 2/		2004 2/		2005	Projected 2006	Percentage Point Change			Without Floors
		Base	Fiscal Relief	Base	Fiscal Relief			2004-2005	2005-2006	2001-2006	
Alabama	69.99	70.60	73.55	70.75	73.70	70.83	69.51	0.08	-1.32	-0.48	69.51
Alaska 1/	60.13	58.27	61.22	58.39	61.34	57.58	50.16	-0.81	-7.42	-9.97	50.16
Arizona	65.77	67.25	70.20	67.26	70.21	67.45	66.98	0.19	-0.47	1.21	66.98
Arkansas	73.02	74.28	77.23	74.67	77.62	74.75	73.77	0.08	-0.98	0.75	73.77
California	51.25	50.00	54.35	50.00	52.95	50.00	50.00	0.00	0.00	-1.25	48.72
Colorado	50.00	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	0.00	44.48
Connecticut	50.00	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	0.00	13.16
Delaware	50.00	50.00	52.95	50.00	52.95	50.38	50.09	0.38	-0.29	0.09	50.09
District of Columbia 1/	70.00	70.00	72.95	70.00	72.95	70.00	70.00	0.00	0.00	0.00	0.65
Florida	56.62	58.83	61.78	58.93	61.88	58.90	58.89	-0.03	-0.01	2.27	58.89
Georgia	59.67	59.60	62.55	59.58	62.55	60.44	60.60	0.86	0.16	0.93	60.60
Hawaii	53.85	58.77	61.72	58.90	61.85	58.47	58.81	-0.43	0.34	4.96	58.81
Idaho	70.76	70.96	73.97	70.46	73.91	70.62	69.91	0.16	-0.71	-0.85	69.91
Illinois	50.00	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	0.00	49.29
Indiana	62.04	61.97	64.99	62.32	65.27	62.78	62.98	0.46	0.20	0.94	62.98
Iowa	62.67	63.50	66.45	63.93	66.88	63.55	63.61	-0.38	0.06	0.94	63.61
Kansas	59.85	60.15	63.15	60.82	63.77	61.01	60.41	0.19	-0.60	0.56	60.41
Kentucky	70.39	69.89	72.89	70.09	73.04	69.60	69.26	-0.49	-0.34	-1.13	69.26
Louisiana	70.53	71.28	74.23	71.63	74.58	71.04	69.79	-0.59	-1.25	-0.74	69.79
Maine	66.12	66.22	69.53	66.01	69.17	64.89	62.90	-1.12	-1.99	-3.22	62.90
Maryland	50.00	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	0.00	37.53
Massachusetts	50.00	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	0.00	28.20
Michigan	56.18	55.42	59.31	55.89	58.84	56.71	56.59	0.82	-0.12	0.41	56.59
Minnesota	51.11	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	-1.11	47.93
Mississippi	76.82	76.62	79.57	77.08	80.03	77.08	76.00	0.00	-1.08	-0.82	76.00
Missouri	61.03	61.23	64.18	61.47	64.42	61.15	61.93	-0.32	0.78	0.90	61.93
Montana	73.04	72.96	75.91	72.85	75.91	71.90	70.54	-0.95	-1.36	-2.50	70.54
Nebraska	60.38	59.52	62.50	59.89	62.84	59.64	59.68	-0.25	0.04	-0.70	59.68
Nevada	50.36	52.39	55.34	54.93	57.88	55.90	54.76	0.97	-1.14	4.40	54.76
New Hampshire	50.00	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	0.00	44.89
New Jersey	50.00	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	0.00	26.65
New Mexico	73.80	74.56	77.51	74.85	77.80	74.30	71.15	-0.55	-3.15	-2.65	71.15
New York	50.00	50.00	52.95	50.00	52.95	50.00	50.00	0.00	0.00	0.00	39.74
North Carolina	62.47	62.56	65.51	62.85	65.80	63.63	63.49	0.78	-0.14	1.02	63.49
North Dakota	69.99	68.36	72.82	68.31	71.31	67.49	65.85	-0.82	-1.64	-4.14	65.85
Ohio	59.03	58.83	61.78	59.23	62.18	59.68	59.88	0.45	0.20	0.85	59.88
Oklahoma	71.24	70.56	73.51	70.24	73.51	70.18	67.91	-0.06	-2.27	-3.33	67.91
Oregon	60.00	60.16	63.11	60.81	63.76	61.12	61.57	0.31	0.45	1.57	61.57
Pennsylvania	53.62	54.69	57.64	54.76	57.71	53.84	55.05	-0.92	1.21	1.43	55.05
Rhode Island	53.79	55.40	58.35	56.03	58.98	55.38	54.45	-0.65	-0.93	0.66	54.45
South Carolina	70.44	69.81	72.76	69.86	72.81	69.89	69.32	0.03	-0.57	-1.12	69.32
South Dakota	68.31	65.29	68.88	65.67	68.62	66.03	65.07	0.36	-0.96	-3.24	65.07
Tennessee	63.79	64.59	67.54	64.40	67.54	64.81	63.99	0.41	-0.82	0.20	63.99
Texas	60.57	59.99	63.12	60.22	63.17	60.87	60.66	0.65	-0.21	0.09	60.66
Utah	71.44	71.24	74.19	71.72	74.67	72.14	70.76	0.42	-1.38	-0.68	70.76
Vermont	62.40	62.41	66.01	61.34	65.36	60.11	58.49	-1.23	-1.62	-3.91	58.49
Virginia	51.85	50.53	54.40	50.00	53.48	50.00	50.00	0.00	0.00	-1.85	48.83
Washington	50.70	50.00	53.32	50.00	52.95	50.00	50.00	0.00	0.00	-0.70	49.44
West Virginia	75.34	75.04	78.22	75.19	78.14	74.65	72.99	-0.54	-1.66	-2.35	72.99
Wisconsin	59.29	58.43	61.52	58.41	61.38	58.32	57.65	-0.09	-0.67	-1.64	57.65
Wyoming	64.60	61.32	64.92	59.77	64.27	57.90	54.23	-1.87	-3.67	-10.37	54.23

1/ The FMAPs for the District of Columbia and Alaska were statutorily set in the BBA of 1997; Alaska's was reset for FY's 2001-2005 by the omnibus budget bill of 2000.

2/ P.L. 108-27 increased FMAPs for all states for the last two quarters of FY 2003 (April-September) and the first three quarters of FY 2004 (October-June).

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